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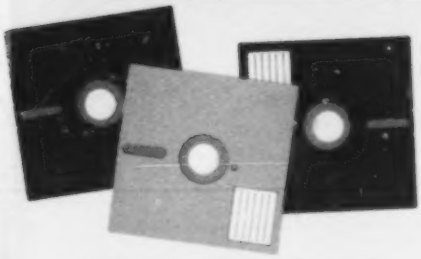

PC fulfillment software: It's here

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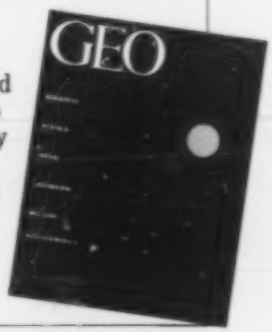
Everyone has their own opinion about why *Geo* failed–ranging from identity crisis to inflated operating expenses. FOLIO: asked top execs to play Monday morning quarterback on *Geo*'s demise. **17**



USPS settlement may open Pandora's box

Financial World granted "news" status; now others could jump on bandwagon, especially if the recently established preferential network service lags. **18**

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Does your plan inspire sales?

Salespeople are smart. They go where the money is. What is your ad sales compensation plan telling them? Top industry executives examine alternatives. **74**

Wall Burton Kenney Horton Edgell Potts

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Jewelers' Circular-Keystone editor in chief holds the record for more Neals than any other magazine. Reason: commitment to serving the reader.

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The best ad sales promotion writing should sound natural, according to promotion consultant Julie Laitin. It's simple. It's written the way you talk. It's personal.

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Sales executives should concentrate their efforts on what they want research to accomplish and leave the technical aspects to researchers, says Mort Grossman.

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Consultant Jeff Parnau passes along tips that may help you avoid common pitfalls. He reminds production people to "check," but don't take "full" responsibility.

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$700 million by one source) would be covered by the Postal Service. The Magazine Publishers Association prefers the current system. The American Business Press dislikes both "unfair" rate breaks for nonprofits and excessive Federal spending, but it doesn't want general rate payers to be forced to fund what would be left of the nonprofits' rate relief.

Farm publication runs ROP personalized ad via ink jetting

What appears to be the first run-of-publication, personalized magazine ad appeared in the February issue of *Farm Industry News* (controlled circulation 300,000). Each and every recipient of the magazine was addressed by his or her own name, within the body of a Stauffer Chemical Company ad, via ink-jetted messages. That technology has been used by catalogs for some time for printing addresses and personalized messages, and a few automotive dealer magazines have run ink-jetted, personalized inserts and back cover messages. But run-of-book is a first, according to industry experts. The Webb Company—publishers and printers of *Farm Industry News*, ran the ad on a trial basis, and is running another one in the March issue.

Annenberg: No lost sleep over cable magazines' growth

"These magazines have been publishing for some time. If they were going to have an impact on *TV Guide*, they would have by now," Ambassador Walter H. Annenberg, *TV Guide*'s founder, told FOLIO: during the MPA dinner at which he was being honored as publisher of the year. Annenberg expressed delight that he was not in that ball game. "You lose control when you deal with cable operators," he said. "In my opinion, the people with cable magazines are zombies and don't realize it. I like independence." Asked face-to-face if he intended to start or acquire any magazines, Annenberg said "No." But when his official answer came back several days later via his staff, the answer was "Maybe."

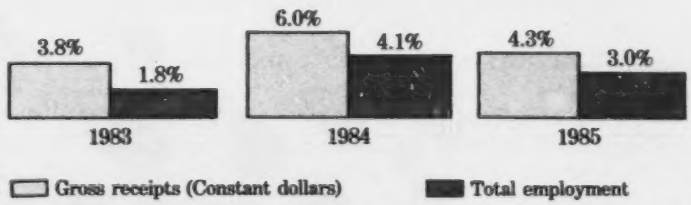
BPA: Twice as many magazines now using phones to verify requestors

Early analysis indicates that about 8.5 percent of magazines filing December 1984 Publishers Statements with the Business Publications Audit of Circulation (BPA) used telephone interviews to qualify requestors. Conducted at the end of January, the analysis included about 750 of the 1,050 statements expected to be filed. These statements were the first on which BPA allowed telephone-verified requests to be listed next to requests verified by written communication. Previously, the number of readers qualified by telephone had to be listed in a less-valued section labeled "Sources other than above." With this old label, in the past only about 4 percent of reporting magazines used telephones, BPA officials report. Observers say, with time even more magazines will be using the telephone. One reason for delay: it will take time to convince people that telephone verification really is legitimate.

Slower but healthy growth for magazines for '85, says Commerce Dept.

The crystal ball at the U.S. Commerce Department is predicting that the magazine industry will grow in 1985, but, in line with the slower expansion in the economy, at a slower rate than in 1984. The industry's gross receipts, according to the Commerce Department's *U.S. Industrial Outlook 1985*, will rise 4.3 percent in 1985, after adjustment for inflation. That compares to a 6.0 percent increase in 1984. The report notes that 1984 was a year in which ad receipts were bolstered by the Olympics, political campaigns and the upturn in the economy. The outlook states that growth in ad receipts in 1985 will be influenced by growth in the economy, corporate profits and inflation. Circulation receipts reportedly will be affected by "expected slower growth in both real disposable income and personal consumption expenditures." Employment in the industry, the forecast says, will increase by 3.0 percent, to 103,800.

Gross receipts and employment growth: periodicals



1983, 1984 data are estimated; 1985 data is forecast
Source: U.S. Dept. of Commerce Bureau of the Census

"I would be surprised if there were no legislation proposed or introduced during this session, just as I'd be surprised if there were no sun in the sky tomorrow," says Ronald Collins, coordinator of Project SMART (Stop Marketing Alcohol on Radio and TV). SMART, which comes under the auspices of the Center for Science in the Public Interest, would like to see a ban on advertising, although it concedes it would settle for equal time to talk about health and safety as it relates to alcohol consumption.

The campaign was spearheaded by the National PTA and the Council on Alcoholism and is gaining momentum in Washington. Senators from Florida and Missouri, as well as Congressmen from California and Colorado, are supporting such a bill. And Richard Celeste, governor of Ohio, has formally endorsed the project.

But George Schweitzer, a vice president with the CBS Broadcast Group, contends that banning beer and wine ads would not address the real issue. "Drunk drivers are the problem," he says, pointing out that alcoholism is still a major problem in some countries where there are no alcoholic beverage ads on TV.□

PROJECT SMART

***Magazines stand to gain** if groups such as Project SMART succeed in getting alcohol ads banned from TV.*

2% to 4% ad page increase for 1985, Coen predicts

Business publishers' growth should outpace consumers'

New York City—Although consumer magazine ad pages and revenues will increase in 1985, the rate of growth will be slower than it was in 1984, predicts Robert Coen, senior vice president and director of forecasting at McCann-Erickson U.S.A. With expansion in the economy slowing down, expansion in ad sales will follow suit, he explains.

Ad pages, which were up 6 percent to 8 percent in 1984, will rise, he says, by only 2 percent to 4 percent in 1985. Revenues will go up by about 10 percent in 1985 as compared to 16 percent in 1984, reflecting increases in rates as well as the modest gain in pages.

Trade publications did well in 1984 and should continue to do well in 1985, according to Coen. Preliminary figures show ad pages in 1984 were up 6 percent to 7 percent and revenue was up 14 percent. Trade magazines have a greater "lag" time than consumer magazines in following the economy, he notes.

While there was a "boom" in advertising in 1984, no economic bust is expected in 1985, Coen emphasizes. Magazines will simply have to work harder to maintain or slightly exceed the 1984 gains.

Total advertising spending in national magazines is expected to reach $5.4 billion in 1985, about 5.6 percent of all projected advertising spending in the United States.

Among the product categories showing the largest increase in magazine ad expenditures in the first nine months of 1984, as compared with the same period in 1983, were soft drinks/candy (up 105 percent), cleaners/waxes (up 39 percent) and drugs/remedies (up 27 percent). Other major categories that saw increases were automobiles, toiletries and food.

Categories that should do very well in 1985 include computers, utilities and financial services, according to Coen. Advertising in the home electronics

Total budgets of national advertisers for 1984

	% Over '83	($000,000)
National broadcast	+16.8%	$16,085
Magazines	+16.0	4,910
Newspapers	+10.0	3,005
(Total national print)	+13.6	7,915
Direct mail	+14.0	13,445
Other national media	+14.7	11,465
Total	+15.0%	$48,910

Source: Robert Coen, senior vice president, director of forecasting, McCann-Erickson U.S.A.

***National advertiser budgets** for magazines totaled over $4.9 billion in 1984—up 16 percent over 1983. Total ad spending in national magazines in 1985 is expected to reach $5.4 billion.*

Top product categories: Expenditures

(1st 9 months 1984 vs. same period, 1983)

	Network TV	Spot T[illegible]	[illegible]nes	Total 3 Media
Foods	+32%	+14%	12%	+23%
Toiletries	+ 7	+ 8	20	+10
Automobiles	+11	+33	+ 17	+19
Drugs/Remedies	+17	+17	+ 27	+18
Cleaners/Waxes	+ 7	—16	+ 39	+ 1
Candy/Soft Drinks	+25	+ 1	+105	+14
Restaurants	+69	+19	— 12	+34

Source: Robert Coen, senior vice president, director of forecasting, McCann-Erickson U.S.A.

***Soft drinks/candy showed the greatest increase**—up 105 percent—in magazine ad expenditures for 1984 as compared with 1983. The dip in restaurant ad expenditures in magazines is insignificant, Coen says, as the great majority of such advertising traditionally goes to TV.*

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field, which had been depressed from the decline in sales of video games, should rebound and do well with VCRs in 1985. Automobiles will continue to do well. With interest rates coming down, Coen thinks household appliances and furnishings will pick up. Cigarettes and liquor should remain about the same.□

Researching newsstand readers

By coding reader response cards, *Byte* developed a list of newsstand readers, then queried them

***More than 2,000** single-copy readers were identified by name and address for a study of* Byte *and* Popular Computing *newsstand buyers. The names came from coded reader response cards.*

Hancock, N.H.—Subscribers are a relatively easy group of readers to research. You have their names, you know where they live, and because they like your magazine enough to buy a subscription, chances are they will answer a few questions for you. Single-copy readers, on the other hand, are much more difficult to identify. Therefore it is harder to research their characteristics and behavior.

Byte and *Popular Computing*, both McGraw-Hill publications, devised an effective way to learn more about the demographics and computer purchasing habits of their newsstand readers, as well as where and why those readers purchase computer magazines. Jim Bingham, single-copy sales manager for the sister publications, hoped to use the data to help market the magazines to various types of retail outlets and to give advertisers a "bead" on what their newsstand readers are like.

Last April Bingham mailed a six-page questionnaire to 1,024 *Byte* newsstand readers who had mailed reader service cards to the magazine requesting more information about particular advertisers. The readers could be identified as newsstand buyers because the cards had been coded to indicate that they were torn from newsstand copies, rather than from subscription copies. The questionnaire included a $1 incentive and postage-paid reply envelope.

By late May, *Byte* had a net response of 69 percent to the lengthy questionnaire. The same technique was later used to reach *Popular Computing* newsstand readers: A four-page questionnaire to 1,000 readers brought a 55 percent net response. Both surveys were conducted by McGraw-Hill Research.

"Few magazines have good single-copy reader research," Bingham observes. "We thought this was an ingenuous way of getting a large enough universe to query. It was a way of confirming or dispelling our ideas about the single-copy reader."

Bingham acknowledges that the technique contains an inherent bias because it relies on readers interested enough in the advertised products to send in reader service cards. The results, he says, are not truly projectable to all *Byte* or *Popular Computing* newsstand buyers. But he says he has a "strong suspicion" that the results are indicative of all newsstand readers because, by the nature of computer magazines, all readers tend to be actively involved in advertising. The demographics of the newsstand respondents also closely matched those of subscribers, which tends to confirm that the readers who responded to the ques-

tionnaire are "typical" readers, he notes.

Bingham says the research technique is probably not viable for a large mass market magazine whose readers may see an ad, but usually do not take action—such as requesting more information. Ron Scott, single-copy sales consultant, agrees that such a technique would probably work only for special interest magazines where advertising is almost considered to be editorial to readers. Scott says that magazines often try to research newsstand readers by binding surveys into newsstand copies. But the use of coded reader service cards to build a list of newsstand readers for research is an excellent idea and "unique" to his knowledge. The response, he says, was "shockingly good."□

Eight magazines among Inc. 500

Satellites, sound systems among publishers' successful markets

Boston—CommTek, in Hailey, Idaho, is the top magazine publisher on the third annual *Inc.* 500 list of the fastest growing, small, privately-held companies in the U.S. The company ranks in 23rd place, with 1983 sales totaling approximately $5 million and a five-year growth of 4,444 percent. CommTek produces five magazines serving the $1.4 billion satellite TV industry.

To make the list, companies must meet criteria established by *Inc.*'s editors: They must be at least five years old, must have shown a profit in the prior year and have had a very high percentage sales increase over the previous five years. They must also have total 1979 sales no greater than $25 million but no less than $100,000.

Other magazine publishers that made the list include the following:

•Testa Communications (ranked 170), Carle Place, New York, publishes trade and consumer magazines covering sound, electronics and home entertainment. The company had total sales of $4 million in 1984—nearly double its $2.3 million in 1983—which accounted in part for a five-year growth of 1,157 percent.

•TSR, Inc. (ranked 180), Lake Geneva, Wisconsin, publishers of game players' rules and booklets for Dungeons and Dragons, *Dragon* magazine, *Amazing* magazine (science fiction) and other related products, magazines and books, had 1983 sales of $26.7 million and a five-year growth of 1,105 percent. This is the company's third year on the list.

•Central Mass Media (ranked 199), Worcester, Massachusetts, publishes regional magazines. 1983 sales approached $2 million, with a five-year increase of 1,037 percent.

•Hanley-Wood, (ranked 206),

Fastest-growing private magazine publishers as ranked by *Inc.*

Company	1983 Sales ($000)	1979 Sales ($000)	% increase 1983 vs. 1979
CommTek	$5,156	$113	4,444
Testa Communications	2,338	186	1,157
TSR, Inc.	26,705	2,217	1,105
Central Mass Media	1,936	170	1,037
Hanley-Wood	5,933	536	1,007
Compendium Systems	7,600	800	850
General Communications	1,928	206	839
PCI	1,297	191	579

***Leading the magazine publishers** on the third annual* Inc. 500 *list was CommTek, showing a dramatic 4,444 percent five-year growth. Three of the companies (TSR, Inc., Central Mass Media and General Communications) have been on the list before.*

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Washington, D.C., publishes *Architecture* magazine on a management contract basis for the American Institute of Architects. It also publishes and owns *Builder* magazine, which is the official publication of the National Association of Home Builders. Sales in 1983 for the firm were $6 million; five-year growth was 1,007 percent.

•Compendium Systems, (ranked 253), New York City, is an offshoot of the Church of Jesus Christ of the Latter Day Saints, according to publisher Jack McAuliffe. Sales from magazines on health, beauty and nutrition in 1983 were $2 million, with a five-year growth of 839 percent.

•General Communications, (ranked 255), Denver, Colorado, publishes several magazines, including *Denver Business, Denver Magazine* and *Vail*. Sales for 1983 approached $2 million, with a five-year increase of 839 percent.

•PCI, (ranked 381), Austin, Texas, publishes computer trade magazines. Total revenues in 1983 were $1.3 million. It's five-year growth rate was 579 percent. □

Forbes gets tough on ad quality

Magazine insists printer give preference to ads that meet SWOP specifications

New York City—Some might say the system of ensuring good ad reproduction established by *Forbes* quality control manager Ed Morgan is "hard nosed"; even Morgan says it's "righteous." Most important, it works.

In short, Morgan's system can be described as follows: *Forbes'* printer will adjust its presses in order to match the proof of all advertisements whose submitted materials meet or come close to meeting Standards for Web Offset Publications (SWOP) specifications. On ads whose materials don't come close to meeting the specifications, the printer is to make press adjustments only if they don't compromise the quality of ads following the industry standards.

Advertising agencies who submit far out-of-spec materials are told that they are taking risks.

Jim Dunne, quality assurance manager at *U.S.News & World Report*, commented that few publishers have enough advertisers that they can afford to antagonize some of them with such a strict system.

Morgan said however, that advertising agencies usually cooperate. He quipped that the fact that he still has a job proves that his publisher hasn't lost any advertising because of the system.

The *Forbes* system was instituted over the last two years. Since it has been in use, Morgan said, serious complaints about the quality of ad reproduction have become a thing of the past. As of last December, Forbes had not had to rerun any ads in 1984 because of poor color reproduction.

You can't please everybody

The basic reason for the system, Morgan said is that, if a printer tried

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gently enforced, with permits revoked, if necessary.

Under new regulations, the classification, "Business Reply Card" has been eliminated. Only the terms, "Business Reply Labels" or "Business Reply Mail" may be used. The latter term may be used on cards and envelopes. "Business Reply Labels" may be used only on non-standard-size mail, which is not handled by a machine.

For standard-size mail, a machine can note a facer identification mark (FIM) instead of a stamp and can sort out business reply mail. The mark must be in the right place, however. Specifications are listed in Domestic Mail Manual (DMM) 917, issued by USPS on January 2nd, 1985, and in Publication 25, "A Guide to Business Mail Preparation."

The new rules also require the name of the permit holder on all business reply mail. Another name may be listed below.

Postal inspection of business reply mail before printing is not mandatory, but the USPS says permit holders receiving written postal approval of business reply mail before printing could avoid the cost of reprinting and distributing in the event of a nonmailable ruling.□

72% of monthly publications delivered late

Publication delivery box score:
Ordinary second-class publications
July-September 1984

City	Better than USPS service standard	Service standard	1-3 days late	4-6 days late	7-10 days late	Later
Composite average*	17	11	34	20	9	9
Boston (Area 021)	26	5	38	19	8	4
Boston (Area 022)	0	0	49	38	13	0
New York (Area 100)	9	8	19	23	23	18
Buffalo	9	12	43	18	16	2
Pittsburgh	11	4	42	23	18	2
Philadelphia	10	9	26	11	25	19
Washington, D.C.	10	17	35	13	14	11
Atlanta	11	11	30	22	13	13
Miami	37	16	26	8	8	5
Memphis	26	6	28	14	14	12
Cincinnati	16	12	48	12	4	8
Detroit	12	7	15	34	22	10
Milwaukee	21	6	38	19	8	8
Minneapolis	21	17	36	19	6	1
Chicago	12	13	38	22	10	5
New Orleans	2	8	49	13	18	10
Dallas	14	24	34	15	8	5
Houston (Area 770)	22	14	47	12	0	5
Denver	15	4	29	21	19	12
Salt Lake City	19	6	15	15	24	21
Los Angeles	11	8	34	27	15	5
San Francisco	29	15	35	11	9	1
Seattle	11	13	42	19	9	6

*Including other U.S. cities and SCFs not listed
Source: Red Tag News Publications Association, Inc.

Service declined by 15 percentage points for ordinary second-class publications in the third quarter of 1984 compared with the second quarter of the year. For all cities monitored, the combined percentage of publications delivered on time (service standard) or sooner (better than service standard) was only 28 percent compared with 43 percent in the previous quarter.

During the third quarter, however, many publications complied with the Postal Service's March 1984 directive and switched from the ordinary second-class system to the surface preferential transportation system. These moves caused the delivery statistics for the third quarter to become unpredictable, says Frank Stupeck, general manager of the Red Tag News Publication Association.

A publication that converts to the surface preferential system, he explains, is measured against a stricter (by three days) Postal Service standard. Therefore, a publication in the Red Tag analysis may not appear to have gotten improved delivery even though it was delivered a few days sooner than before.

By the end of the third quarter, about one half of the publications in the Red Tag System had converted to the preferential network. All second-class publications were to have converted to the preferential network by January 1.□